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ARIZONA CORPORATION COMMISSION

**MEMO**

TO: Parties Participating in the APS Settlement Discussions

FROM: Commissioner Jeff Hatch-Miller

RE: APS Rate Case  
Docket No. E-01345A-03-0437

DATE: May 14, 2004

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During the settlement discussions in APS rate case, I would like RUCO, Staff and APS to examine the possibility of enhancing APS' Time of Use (TOU) programs for residential customers. Any comments from other interested interveners are also welcomed.

APS currently offers two TOU plans – Combined Advantage and Time Advantage – that allow residential customers to realize cost savings on their electric bills by taking advantage of lower rates during “off-peak” hours.

Please consider TOU plans that maximize flexibility for and accommodate the lifestyles of APS' residential customers. Areas of discussion should include:

- Changing the timeframes of “off-peak” and “on-peak” hours,
- Extending the duration of “off-peak” hours,
- Including holidays that fall on weekdays in the “off-peak” hours designation, and
- Eliminating or reducing any demand charge imposed on the customer (i.e., Combined Advantage Plan).

Thank you for your attention to this matter. Your comments are greatly appreciated.